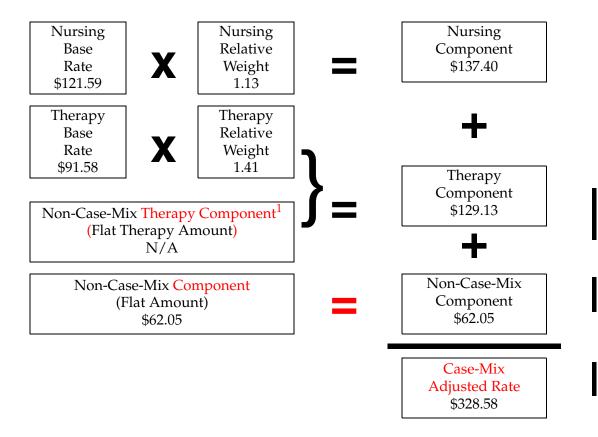# CHAPTER 8
ADDENDUM D (FY 2003)

ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR SNF FOR FISCAL YEAR 2003

ILLUSTRATION OF PER DIEM RATE CALCULATIONS FOR AN URBAN SNF IN STATE COLLEGE, PA FOR RUG-III SERVICE CATEGORY SUBGROUP CODE - RVC FY 2003

STEP 1:   CALCULATE CASE-MIX ADJUSTED PPS PER DIEM RATE BY RUG-III CATEGORY CODE

| Nursing Base Rate $121.59 | X | Nursing Relative Weight 1.13 | = | Nursing Component $137.40 |

+

| Therapy Base Rate $91.58 | X | Therapy Relative Weight 1.41 | } = | Therapy Component $129.13 |

| Non-Case-Mix Therapy Component[1] (Flat Therapy Amount) N/A |

+

| Non-Case-Mix Component (Flat Amount) $62.05 | = | Non-Case-Mix Component $62.05 |

| Case-Mix Adjusted Rate $328.58 |

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[1] The non-case-mix therapy component (flat therapy amount) of $12.06 for urban SNFs and $12.88 for rural SNFs does not apply to the RVC RUG-III category nor any of the other 13 rehabilitation RUG-III categories (ones that have a first letter of "R"). For non-rehabilitation RUG-III categories, the flat therapy amount replaces the weighted therapy amount.
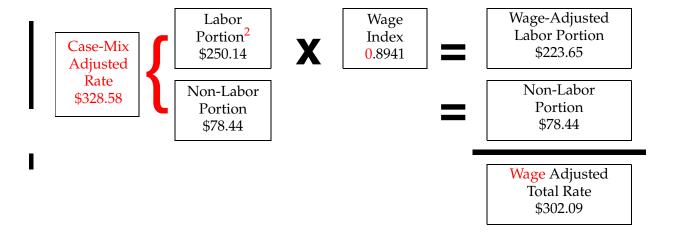
Illustration Of Per Diem Rate Calculations For An Urban SNF In State College, PA For RUG-III Service Category Subgroup Code - RVC FY 2003 (Continued)

Step 2: Calculate Wage Adjusted Federal Per Diem Rate

| Case-Mix Adjusted Rate $328.58 | { | Labor Portion[2] $250.14 | X | Wage Index 0.8941 | = | Wage-Adjusted Labor Portion $223.65 |
| | | Non-Labor Portion $78.44 | | | = | Non-Labor Portion $78.44 |

Wage Adjusted Total Rate $302.09

Step 3: Calculate Payment Adjustments

| Wage Adjusted Total Rate $302.09 | X | BBRA Adjustment[3] N/A | X | BIPA Adjustment[4] 1.067 | = | Final Rate $322.33 |

[2] The wage index adjustment is applied to the labor related portion of the rate, which is 76.128 percent of the total case-mix adjusted rate for FY2003.

[3] The Medicare, Medicaid, and SCHIP Balanced Budget Refinement Act of 1999 (BBRA) provides a 20 percent increase to the Wage Adjusted Total Rate for 12 RUGs-III groups (ones that have a first letter of "S" or "C").

[4] All 14 rehabilitation RUGs receive a 6.7 percent increase to the Wage Adjusted Total Rate (Medicare, Medicaid, and SCHIP Benefits Improvement Act of 2000 (BIPA)).

Source: 67 FR 49798; Prospective Payment System and Consolidated Billing for Skilled Nursing Facilities-Update; Notice: July 31, 2002.

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